

March 24, 2010

CLERK, U.S. BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA

0002506538

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HAGOP T. BEDOYAN, CSB NO. 131285
 SCOTT BELDEN, CSB NO. 184387
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Attorneys for Debtor-in-Possession

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA, FRESNO DIVISION

In re:

ENNIS HOMES, INC.,

Debtor-in-Possession.

Case No. 09-10848-A-11
Substantively Consolidated with
case no. 09-16750-A-11

Chapter 11

DC No. KDG-45

Date: March 10, 2010
 Time: 1:30 p.m.
 Place: U.S. Bankruptcy Court
 2500 Tulare Street, Fifth Floor
 Department A, Courtroom 11
 Fresno, California
 Judge: Honorable Whitney Rimel

ORDER AUTHORIZING DEBTOR
TO BORROW MONEY FROM UNITED SECURITY BANK AND GRANTING FIRST
PRIORITY LIEN

The Motion for Order Authorizing Debtor to Borrow Money from United Security Bank. ("the Motion") came on for a final hearing before the Honorable Whitney Rimel, United States Bankruptcy Judge, on March 10, 2010, at 1:30 p.m.

Scott Belden appeared for Debtors. Michael Fletcher appeared for Citizens Business Bank. Hanno Powell appeared for United Security Bank. Greg Powell appeared for the Office of the United States Trustee. Other appearances, if any, were stated on the record.

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March 23, 2010

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1 The Court having (a) read and considered the papers filed by Debtors, (b) found that
2 notice of the hearing and service of the Motion was adequate, and (c) considered
3 representations by counsel, and good and sufficient cause appearing therefor;

4 IT IS ORDER that:

- 5 1. the *Motion by Debtor for Order Authorizing Debtor to Borrow Money from*
6 *United Security Bank* is granted;
- 7 2. Debtor is authorized to borrow up to \$1,000,000.00 from USB on the terms and
8 conditions set forth in the Motion and the Letter of Interest attached hereto as
9 Exhibit "A" ("the Letter of Interest");
- 10 3. Debtor is authorized to enter into a credit agreement and associated documents
11 as necessary to effectuate the terms of the attached Letter of Interest;
- 12 4. Debtor is authorized to execute such documents as are required by United
13 Security Bank to obtain the loan on the terms and conditions set forth in the
14 Motion and the Letter of Interest;
- 15 5. Upon Close of the loan contemplated by the Letter of Intent, the deed of trust in
16 favor of United Security Bank will have a first priority position over all other
17 liens and encumbrances against the real property known as the Williams Ranch
18 Phase Four with the legal description attached hereto as Exhibit "B."

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1 6. The hearing on the Motion set for April 2, 2010 is taken off calendar.

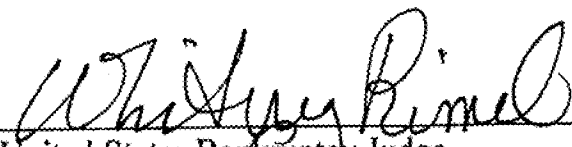
2 Approved as to Form:

3 POWELL AND POOL, APC

4
5 By: /s/ Hanno Powell (Approved via electronic mail)
6 Hanno Powell, Esq.,
 Counsel for United Security Bank

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10 Dated:

Mar 24, 2010


United States Bankruptcy Judge

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HANNO T. POWELL
DON J. POOL
MATTHEW G. BACKOWSKI

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February 17, 2010

File No. 6265.241

VIA E-MAIL and FIRST CLASS MAIL

Klein, DeNatale, Goldner, Cooper, Rosenlieb & Kimball, LLP
Attention: Scott Belden
4550 California Avenue, 2nd Floor
Bakersfield, CA 93309

Re: Ennis Land/Ennis Homes

Dear Mr. Belden

As you know this office is the attorneys for United Security Bank ("USB" of "Lender"). Please accept this letter as an expression of interest by USB to provide Debtor In Possession financing to your clients, Ennis Land/Ennis Homes as outlined below.

A. The Debtors currently have three loans outstanding with USB. As of December 09 2009, they were as follows:

		Principal	Interest	Late Fees	Total
United Security Bank	Loan #81020701	\$0.00	\$0.00 (with interest accruing at Bank Prime +1% w/ a floor of 6.50%)	\$20,285.85	\$20,285.85
United Security Bank	Loan #80988401	\$1,208,902.29	\$1,141.74 (with interest accruing at Bank Prime +1% w/ a floor of 6.50%)	\$64,619.42	\$1,303,163.71
United Security Bank	Loan #80995001	\$770,403.58	\$180,195.58 (with interest accruing at Bank Prime +1% w/ a floor of 6.50%)	\$287,002.71	\$1,240,851.87
Totals		\$1,979,305.87	\$181,337.32	\$371,907.98	\$2,564,301.43

The above three loans shall be referred to hereinafter as the "USB "Loans".

B. The USB Loans have as collateral the following security instruments:

- 1) Deed of Trust executed by Ennis Land Development Inc. recorded on May 14, 2007 as document number 2007-0045017, Tulare County records, encumbering that certain subdivision property commonly known as William Ranch Phase Four in Porterville California ("Williams Ranch");

Exhibit A
Page 4

2) Deed of Trust executed by Ennis Land Development Inc. recorded on August 11, 2006 as document number 2006-0082898, Tulare County records, also encumbering Williams Ranch;

3) Deed of Trust executed by Ennis Commercial Properties recorded on January 26 2009 as document number 2009-0004254, Tulare County records encumbering that certain property described as *Lot 4, of parcel map no. 2806* Porterville California;

C. USB will agree to provide Debtor In Possession financing (the "DIP Loan") to Ennis Land/Ennis Homes as follows:

1) Purpose of DIP Loan: For the construction costs of pre-sold houses on 36 remaining lots within the William Ranch Property and a partial loan paydown (Partial Loan Paydown") to USB in the sum of \$35,000 at construction start. The Partial Loan Paydown shall be applied to the outstanding USB Loans in whatever order and manner Lender so chooses in its sole and absolute discretion;

2) DIP Loan Amount: Revolving loan, with a maximum principal balance not to exceed the sum of One Million Dollars (\$1,000,000.00);

3) DIP Loan Terms. The DIP Loan shall accrue interest at the rate of 1% over Bank Prime index (currently 4.25%) with a floor of 6.5%.

4) The DIP Loan shall be secured by a new deed of trust which the Bankruptcy court shall order be in first priority lien position on the Williams Ranch Property;

5) From the close of escrow for the sale of each house built on the Williams Ranch Real Property the proceeds shall be applied directly from escrow as follows:

a. Payment of that portion of the DIP Loan used for the Hard Construction Costs, as defined herein, which are incurred by Debtor in connection with the respective house which has sold, plus interest and costs accrued on the that portion of the DIP Loan therein. "Hard Construction Costs" as used herein shall mean the normal and ordinary costs for building a house including architect and engineering

Exhibit A
Page 5

costs, building materials, labor, (inclusive of contractor and sub-contracts costs), including all of its normal and ordinary overhead and supervision costs (in an amount equal to 15% of the Sales price) and the fees and costs of the city or governmental agencies necessary to obtain permits to construct the house;

b. All normal and ordinary closing costs of escrow, including real estate commissions;

6) \$5,000.00 of the Net Sale Proceeds, as defined herein, shall be disbursed to Debtor, with all remaining Net Proceeds disbursed to Lender. Lender shall apply said remaining Net Proceeds as additional Partial Loan Paydowns to the outstanding USB Loans in whatever order and manner it so chooses in its sole and absolute discretion.

7) Notwithstanding the above, if and when all 36 lots in the William Ranch have been completed and sold, and the DIP Loan paid off and all of the Partial Loan Paydowns to the USB Loans made, Lender agrees to waive the previous late charges incurred on loan number #80995001, as set forth in paragraph A. above. All other outstanding obligations on the USB Loans including principal, interest, late charges and costs, which have accrued in conformance with the terms of the loan documents, shall be fully paid on or before August 06, 2011.

The above is not intended to create a binding contract between the parties nor shall it constitute a loan commitment. This letter is an expression of interest only to make a DIP Loan to Debtor and shall serve as a written understanding of the terms to which the parties have agreed in principal. If the above terms meet with your clients approval, please send me written approval, and my clients' will cause the actual DIP Loan documents to be prepared. Also please let me know if you need any further information for preparation of a motion to borrow.

Sincerely,

Hanno T. Powell

EXHIBIT "B"

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF TULARE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1 APN 245-030-005

The East half of the North half of the Southwest quarter of the Southwest quarter of Section 21, Township 21 South, Range 27 East, Mount Diablo Base and Meridian, in the City of Porterville, County of Tulare, State of California.

PARCEL 2: APN 245-040-002

THE EAST HALF OF THE SOUTH HALF OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 21, TOWNSHIP 21 SOUTH, RANGE 27 EAST, MOUNT DIABLO BASE AND MERIDIAN, IN THE COUNTY OF TULARE.

EXCEPTING THEREFROM THAT PORTION DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTHEAST CORNER THEREOF AND RUNNING THENCE NORTH ALONG THE EAST LINE 200 FEET; THENCE NORTHWEST TO A POINT ON THE WEST LINE THEREOF, 400 FEET NORTH OF THE SOUTHWEST CORNER THEREOF; THENCE SOUTH 400 FEET TO THE SOUTHWEST THEREOF AND THENCE EAST ALONG THE SOUTHLINE THEREOF TO THE POINT OF BEGINNING.


Initials

Exhibit

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Page

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